



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

KAUAI

Conveyance of Remnant Parcels 4-A and 4-B, Kauai Belt Road, at Hanamaulu, Lihue
Kauai, Tax Map Key: (4) 3-8-8:Road (Portion)

REQUEST:

Authorization to convey subject Properties, designated as Remnants 4-A and 4-B, Kauai Belt Road, at Hanamaulu, Lihue, Kauai, Tax Map Key: (4) 3-8-8:Road (Portion) as shown on Exhibit A to respective abutting owners by quitclaim deed.

LEGAL REFERENCE:

Section 171-52 and other applicable sections of Chapter 171, Hawaii Revised Statutes, as amended.

LOCATION:

The Properties are remnants of the old Kauai Belt Road. at Hanamaulu, Lihue, Kauai and is situated on the mauka side of Kuhio Highway in the vicinity of Ekolu Street.

AREA:

Remnant 4-A: 174 square feet
Remnant 4-B: 203 square feet

ZONING:

R-4

LAND TITLE STATUS:

Non-ceded, DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

YES _____ NO X

CURRENT USE STATUS:

Highway and maintenance purposes

COMMENCEMENT DATE:

Execution date of quitclaim deeds.

COMPENSATION

One-time lump sum payment, based on appraisal of fair market value, to be determined by independent or staff appraiser.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

Not applicable. Subject lands are to be conveyed to abutting landowner(s) and will become privately owned land at that point. Chapter 343, HRS, would not apply to any future development on the Properties as no State lands would be involved.

REMARKS:

The Department of Transportation (DOT) has deemed the Properties surplus to the needs of the Highways Division. The DOT has complied with all applicable statutory requirements and shall offer the Properties to the respective abutting owners.

RECOMMENDATION:

That the Board authorizes the conveyance of the Properties to the respective abutting owners for their private use, subject to the following:

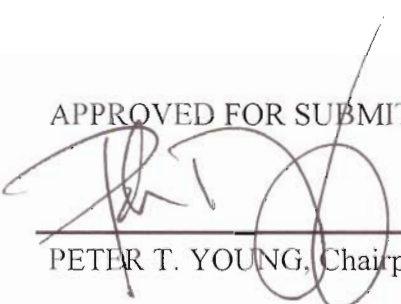
1. The standard terms and conditions of the most current deed form;
2. Review and approval by the Department of the Attorney General;
3. Such other terms and conditions as may be prescribed by the DOT Director to best serve the interests of the State;
4. The Properties shall be conveyed in an “as is” condition and the State make no warranty or representation about its condition or the presence of hazardous materials on, under or about the same; and
5. The abutting purchasers must consolidate the Properties into the respective parcel they own that abut the Properties.

Respectfully Submitted,



RODNEY K. HARAGA
Director of Transportation

APPROVED FOR SUBMITTAL:



PETER T. YOUNG, Chairperson



EXHIBIT A

LINDA LINGLE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

RODNEY K. HARAGA
DIRECTOR

Deputy Director
BRUCE Y. MATSUI
BARRY FUKUNAGA
BRIAN H. SEKIGUCHI
BRENNON T. MORIOKA

IN REPLY REFER TO:
HWY-RM
3.83114

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

HAWAII

Conveyance of a portion of the Road Remnant H-1, adjacent to Mamalahoa Highway, Federal Aid Project No. WPH 8-F, REMNANT H-1-A, County of Hawaii, Tax Map Key: (3) 8-3-13: road.

REQUEST:

Authorization to convey title to the subject property, designated as REMNANT H-1-A, as described and shown on the maps attached as Exhibits A and B.

LEGAL REFERENCE:

Section 171-52 and other applicable sections of Chapter 171, Hawaii Revised Statutes, as amended.

LOCATION:

The subject property is located off of South Kona Belt Road, Mamalahoa Highway on the Island of Hawaii, identified by Tax Map Key: (3) 8-3-13: road.

AREA:

16,460 square feet or 0.378 acre, more or less.

ZONING:

Zoning is A-1A, Agricultural.

LAND TITLE STATUS:

Non-ceded, DHHL 30% entitlement lands pursuant to the Hawaii State Constitution:

YES _____ NO X

CURRENT USE STATUS:

Ingress/egress for the subject site, area being transferred is not used by anyone else.

COMMENCEMENT DATE:

Execution date of Quitclaim Deed.

COMPENSATION:

Two Thousand dollars (\$2,000.00) plus expenses of One Thousand Twenty-Five dollars (\$1,025.00)

LIENS AND/OR ENCUMBRANCES:

None noted at this time.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

Not applicable. Subject lands are to be conveyed to abutting landowner(s) and will become privately owned land at that point. Chapter 343, HRS, would not apply to any future development on the parcel as no State lands would be involved.

REMARKS:

Request was made by Walter E. Denis of Kona, Hawaii to convey the subject property to him. The subject property abuts a larger adjacent parcel owned by Walter B. Denis. This property was deemed surplus to the District of Hawaii Highway's needs. The Department of Transportation has no objection to the transfer of the subject property to Walter E. Denis.

RECOMMENDATION: That the Board:

1. Authorize the conveyance of the parcel, to the Walter E. Denis for his private use subject to the following:
 - a. The standard terms and conditions of the most current quitclaim deed form;
 - b. Review and approval by the Department of the Attorney General;
 - c. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State;
 - d. The parcel shall be conveyed in an "as is" condition and the State make no warranty or representation about its condition or the presence of hazardous materials on, under or about the same; and
 - e. The grantee must consolidate the subject property with the adjacent property owned by grantee in accordance with applicable law. (16.777 acre site, tax map key (3) 8-3-13:067)

Respectfully Submitted,



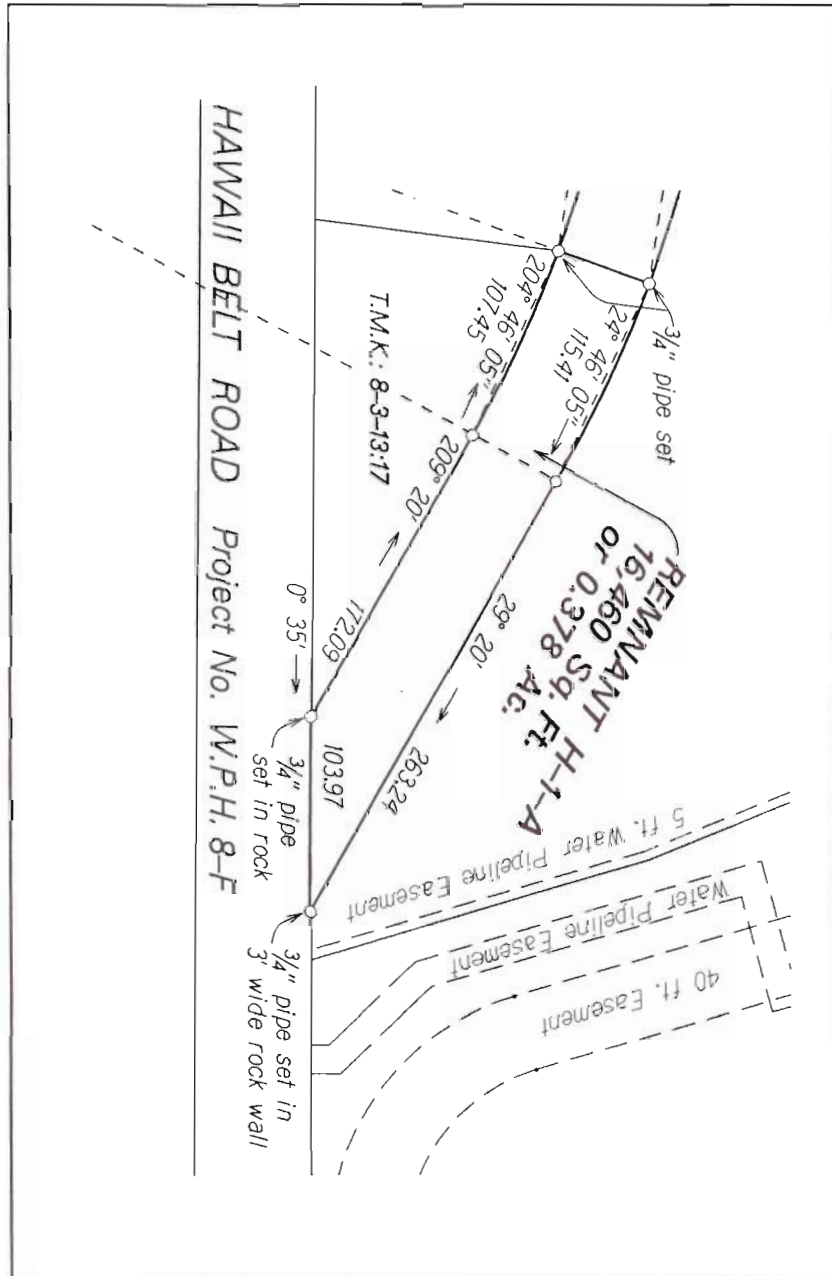
RODNEY K. HARAGA
Director of Transportation

APPROVED FOR SUBMITTAL:



PETER T. YOUNG, Chairperson

EXHIBIT A



#351A

CERTIFICATE OF SEARCH

Dated August 27, 1997

N.R.H. 8-E & W.P.H. 8-F
HAWAII BELT ROAD

REMNANT: H-1 AREA: 0.928 Acre TAX KEY: 8-3-13-Road
(portion)

PORTION OF ROYAL PATENT 1663, LAND
COMMISSION AWARD 5524, APANA 5 TO L. KONIA,
(BOUNDARY CERTIFICATE NO. 108), SITUATE AT KEEI 2,
DISTRICT OF SOUTH KONA, ISLAND AND COUNTY OF HAWAII,
STATE OF HAWAII

OWNER: STATE OF HAWAII

LIENS and/or ENCUMBRANCES: None.

THIS IS TO CERTIFY that we have carefully examined the INDICES and RECORDS of the Public Lands Office and the Bureau of Conveyances of the Department of Land and Natural Resources, both at Honolulu, City and County of Honolulu, State of Hawaii, with reference to the title of

STATE OF HAWAII

in and to:

All of that certain parcel of land situate at Keel 2, District of South Kona, Island and County of Hawaii, State of Hawaii, described as follows:

REMANT H-1, area 0.928 acre,

Being portion of Royal Patent 1663, Land Commission Award 5524, Apana 5 to L. Konia, (Boundary Certificate No. 108),

as shown on the Right-of-Way Map of Hawaii Belt Road, Project Nos. N.R.H. 8-E and W.P.H. 8-F, approved November 22, 1937, prepared by the Cadastral Engineering Section, filed in the Highways Division of the Department of Transportation, State of Hawaii.

Being portion of the premises conveyed to TERRITORY OF HAWAII by The Trustees under the Will and of the Estate of Bernice P. Bishop, deceased by Deed dated November 13, 1905, recorded November 24, 1905 in the Bureau of Conveyances at Honolulu, in Liber 277, Pages 145-146.

AND WE CERTIFY that there are no liens and/or encumbrances appearing of record of whatsoever kind or nature affecting the title at this time.

WE FURTHER CERTIFY that title to the premises herein
described is in the said

STATE OF HAWAII

all as shown by
said INDICES and RECORDS.

DATED at Honolulu, City and County of Honolulu, State of Hawaii,
this 23rd day of July A.D. 1997, at 3:29 o'clock p.m.

ABSTRACTING SECTION
STATE DEPARTMENT OF TRANSPORTATION

By *Esther C. Oshiro*

MKC/mkc

The foregoing Certificate of Search and any further
Continuation(s) thereto, are for the exclusive use of the
State of Hawaii, its Department of Transportation, and shall
not be relied upon by any person or corporation,
individually or collectively.

FIRST CONTINUATION OF SEARCH from August 27, 1997 to and including
June 15, 2005 at 3:29 o'clock p.m.

* * * * *

NO CHANGE IN STATUS OF TITLE

* * * * *

NOTE: Remnant H-1 subdivided into REMNANT H-1-A, area 16,460 square feet or 0.378 acre and REMNANT H-1-B, area 0.550 acre, per Subdivision Map dated December 16, 2002, prepared by Cadastral Engineering Section, filed in the Highway Division of the Department of Transportation, State of Hawaii.

ABSTRACTING SECTION
STATE DEPARTMENT OF TRANSPORTATION

MO/mo

By Charles El Santiago

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
Leasing Services Branch
Honolulu, Hawaii 96813

January 13, 2006

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

Issuance of Revocable Permits to The Associated Press; DR Partners dba Stephens Media Group; Oahu Publications, Inc. dba Honolulu Star-Bulletin; Gannett Co., Inc. dba The Honolulu Advertiser, at the State Capitol, 415 S. Beretania St., basement level, Honolulu, Hawaii 96813.

APPLICANT:

DR Partners, a Nevada Partnership dba Stephens Media Group, 666 11th St. NW, suite 535, Washington DC 20001; Oahu Publications, Inc. dba Honolulu Star-Bulletin, 500 Ala Moana Blvd., suite 500, Honolulu, Hawaii 96813; Gannett Co., Inc. dba The Honolulu Advertiser, 7950 Jones Branch Dr., McLean, Virginia 22107; The Associated Press, 500 Ala Moana Blvd., suite 7-590, Honolulu, Hawaii 96813.

LEGAL REFERENCE:

Sections 171-11 and 171-55, Hawaii Revised Statutes, as amended and Executive Order No. 1600.

LOCATION:

Portion of the State Capitol building located at 415 South Beretania Street, Honolulu, Oahu, Tax Map Keys: (1) 2-1-24:1 and 8, as shown on the attached map labeled Exhibit A.

AREA:

Basement (Chamber) level, Room 022; 93.9 sf (Associated Press); 100.7 sf (DR Partners); 297.1 sf (Honolulu Advertiser); 289.9 sf (Star-Bulletin); and 97.5 sf (common area entry) containing a total area of approximately 781.6 square feet.

ZONING:

State Land Use District: Urban
City & County of Honolulu CZO: Public Facility

TRUST LAND STATUS:

Section 5(a) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution: YES _____ NO x

CURRENT USE STATUS:

Hawaii State Legislature, Governor and Lt. Governor's offices.
The media room is currently occupied by the Associated Press, Star
Bulletin and The Honolulu Advertiser.

CHARACTER OF USE:

For purposes of reporting news on the State Legislature, State
Government and the State of Hawaii.

COMMENCEMENT DATE:

Upon Land Board approval.

MONTHLY RENTAL:

\$1.93 per rentable square foot, based on market comparables for
office space.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

The State Capital was constructed prior to Chapter 343, HRS. The
Hawaii State Legislature permitted the use by the media prior to
the State Capitol renovations around 1995. Various exceptions for
an Environmental Assessment were claimed by the Department of
Accounting and General Services for the renovation work. As a
request from the Legislature, the media space was expanded as part
of the renovation to facilitate public information and open
government.

DCCA VERIFICATION:

| | | | | |
|---|-----|--------------|----|---------------|
| Place of business registration confirmed: | YES | <u> x </u> | NO | <u> </u> |
| Registered business name confirmed: | YES | <u> x </u> | NO | <u> </u> |
| Applicant in good standing confirmed: | YES | <u> x </u> | NO | <u> </u> |

REMARKS:

Due to the Legislature's request, occupancy by various media
organizations of a room with 4 separate offices was arranged under
a letter agreement with the DAGS. The agreements commenced in
December 1995 with a term of 5 years. Fair market rent was charged
based on a DAGS market study for office rent, which is currently
set at \$1.93 per rentable square foot, not including parking.
Four (4) major television stations were sharing one small office
of 100.7 square feet. One vacated two years ago and the rest

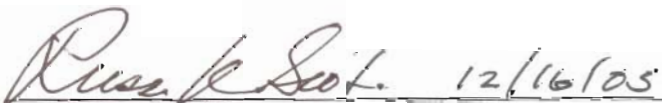
voluntarily vacated on October 31, 2005, for reasons that include only part-time use of the office space. DR Partners will be replacing the television stations and paying the same rent as the other 3 media firms which remain. DR Partners is currently occupying the space under a right-of-entry agreement with DAGS, which will be superceded by the revocable permit.

A revocable permit (sample attached as Exhibit B), based on the DLNR standard form, will be used for the four (4) media firms.

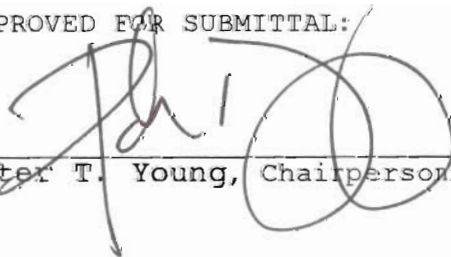
RECOMMENDATION: That the Board:

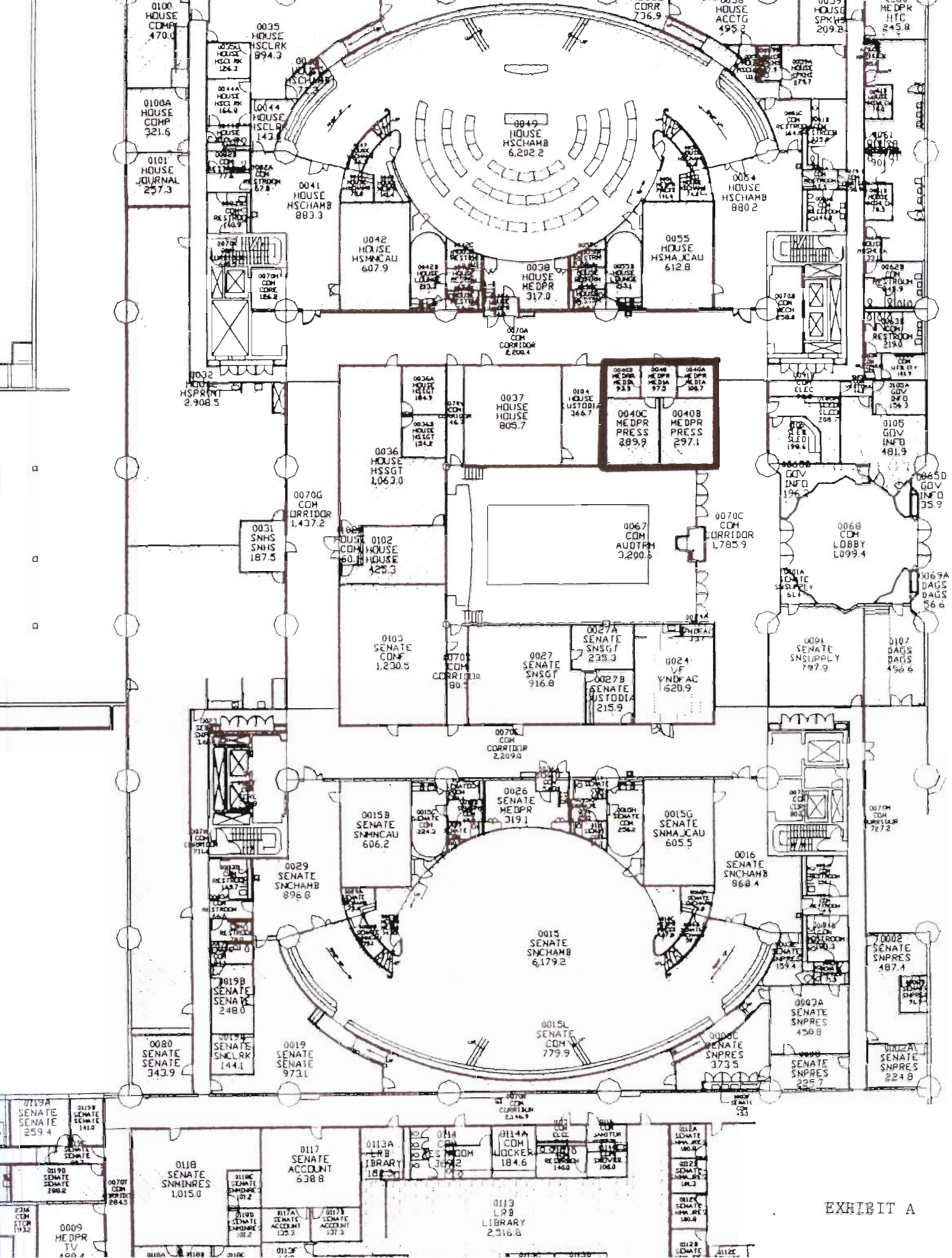
1. Authorize the issuance of a revocable permit to The Associated Press; DR Partners, a Nevada Partnership dba Stephens Media Group; Oahu Publications, Inc. dba Honolulu Star-Bulletin and Gannett Co., Inc. dba The Honolulu Advertiser covering the subject area for reporting news on the State Legislature, State Government and the State of Hawaii for purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
 - b. Review and approval by the Department of the Attorney General; and
 - c. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,


RUSS K. SAITO
State Comptroller

APPROVED FOR SUBMITTAL:


Peter T. Young, Chairperson



STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

REVOCABLE PERMIT NO. _____

KNOW ALL MEN BY THESE PRESENTS:

This Agreement is executed this ____ day of _____, 20____, by and between the STATE OF HAWAII, hereinafter referred to as the "State," by the Department of Accounting and General Services, hereinafter called "DAGS" and _____ herein called the "Permittee," whose mailing address is _____ parties agree that commencing on the ____ day of _____, 20____, ("commencement date"), Permittee is permitted to enter and occupy, on a month-to-month basis only, pursuant to sections 171-11 and 171-55, Hawaii Revised Statutes and Executive Order No. 1600, that certain office space situate at the State Capitol, room ____, as indicated on the map attached hereto, if any, and made a part hereof, containing an approximate area of _____ rentable square feet, is hereinafter referred to as the "Premises."

THIS PERMIT IS GRANTED UNDER THE FOLLOWING CONDITIONS:

A. The Permittee shall:

1. Occupy and use the premises for the following specified purposes only: reporting news on the State of Hawaii, the State Legislature and State Government.
2. Pay, at the Department of Accounting and General Services, Leasing Services Branch, P.O. Box 119, Honolulu, Hawaii 96810, monthly rent in the sum of _____ payable in advance by the first of each and every month. Make checks payable to: State of Hawaii, Director of Finance.

The interest rate on any unpaid or delinquent rentals shall be at one per cent (1%) per month.

If monthly rent is not received at the above address on or before the first day of the month for which it is due, then a service charge of FIFTY AND NO/100 DOLLARS (\$50.00) a month for each delinquent payment shall be assessed and payable. The service charge is in addition to interest on unpaid or delinquent rentals. Interest shall not accrue on the service charge.

Payment of such service charge shall not excuse or cure any default by Permittee under this Permit.

3. Upon execution of this Permit, deposit with DAGS an amount equal to two times the monthly rental stated above in paragraph 2, as security for the faithful performance of all of these terms and conditions. The deposit will be returned to the Permittee upon termination or revocation of this Permit, if and only if all of the terms and conditions of this Permit have been observed and performed to the satisfaction of an authorized representative of DAGS. Otherwise, the deposit may, at the option of an authorized representative of DAGS be applied toward payment of any amounts owed hereunder, without waiving any of DAGS' other rights hereunder.
4. At the Permittee's own cost and expense, keep the government-owned improvements located on the Premises insured against loss by fire and other hazards, casualties, and contingencies, for the full insurable value of those improvements. The policies shall name the State of Hawaii as an additional insured and shall be filed with DAGS. In the event of loss, damage, or destruction of those improvements, DAGS shall retain from the proceeds of the policies those amounts it deems necessary to cover the loss, damage, or destruction of the government-owned improvements and the balance of those proceeds, if any, shall be delivered to the Permittee.
5. Give DAGS twenty-five (25) calendar days notice, in writing, before vacating the Premises.
6. Pay any real property taxes assessed against the Premises from the commencement date of this Permit.
7. At its own cost and expense, observe, perform and comply with all laws, ordinances, rules and regulations of all governmental authorities now or at any future time during the term of this Permit applicable to the Premises, including, without limiting the generality of the foregoing, the Americans with Disability Act of 1990 and all regulations promulgated with respect thereto, as well as any other laws, ordinances, rules and regulations imposing any requirements that the Premises be more accessible to persons with disabilities; and indemnify the State of Hawaii against all actions, suits, damages and claims by whomsoever brought or made by reason of the nonobservance or nonperformance of any of said laws, ordinances, rules and regulations or of this covenant.
8. Repair and maintain all interior improvements now or hereafter on the Premises.

9. Obtain the prior written consent of DAGS before making any major improvements.
10. Keep the Premises and improvements in a clean, sanitary, and orderly condition.
11. Pay all charges, assessments, or payments for telephone service and any other utilities or service as may be levied, charged, or be payable with respect to the Premises.
12. Not make, permit, or suffer, any waste, strip, spoil, nuisance or unlawful, improper, or offensive use of the Premises.
13. At all times with respect to the Premises, use due care for public safety.
14. Procure and maintain, at its own cost and expense, in full force and effect throughout the term of this Permit, commercial general liability insurance, in an amount acceptable to DAGS with an insurance company or companies licensed to do business in the State of Hawaii. The policy or policies of insurance shall name the State of Hawaii as an additional insured. The insurance shall cover the entire Premises.

Prior to entry and use of the premises or within fifteen (15) days after the commencement date of this Permit, whichever is sooner, furnish the State with a certificate(s) showing the policy(s) to be initially in force, keep the certificate(s) on deposit during the entire Permit term, and furnish a like certificate(s) upon each renewal of the policy(s). This insurance shall not be cancelled, limited in scope of coverage, or nonrenewed until after sixty (60) days written notice has been given to the State.

The State shall retain the right at any time to review the coverage, form, and amount of the insurance required by this Permit. If, in the opinion of the State, the insurance provisions in this Permit do not provide adequate protection for the State, the State may require Permittee to obtain insurance sufficient in coverage, form, and amount to provide adequate protection. The State's requirements shall be reasonable but shall be designed to assure protection for and against the kind and extent of the risks which exist at the time a change in insurance is required. The State shall notify Permittee in writing of changes in the insurance requirements and Permittee shall deposit copies of acceptable insurance policy(s) or certificate(s) thereof, with the State incorporating the changes within thirty (30) days after receipt of the notice.

The procuring of the required policy(s) of insurance shall not be construed to limit Permittee's liability under this Permit nor to release or relieve the Permittee of the indemnification provisions and requirements of this

Permit. Notwithstanding the policy(s) of insurance, Permittee shall be obligated for the full and total amount of any damage, injury, or loss caused by Permittee's negligence or neglect connected with this Permit. It is agreed that any insurance maintained by the State will apply in excess of, and not contribute with, insurance provided by Permittee's policy.

The insurance certificate(s) shall be mailed to:

State of Hawaii
Department of Accounting and General Services
Leasing Services Branch
P.O. Box 119
Honolulu, Hawaii 96810

15. In case the State shall, without any fault on its part, be made a party to any litigation commenced by or against the Permittee (other than condemnation proceedings), the Permittee shall pay all costs, including reasonable attorney's fees, and expenses incurred by or imposed on the State.
16. The Permittee shall pay all costs, including reasonable attorney's fees, and expenses which may be incurred by or paid by the State in enforcing the covenants and agreements of this Permit, in recovering possession of the Premises, or in the collection of delinquent rental, taxes, and any and all other charges.

B. Additional Conditions:

1. This Permit is issued and effective on a month-to-month basis. The Permit shall automatically terminate one year from the commencement date, unless earlier revoked as provided below, provided further that DAGS may allow the Permit to continue on a month-to-month basis for additional one year periods. Any such extension shall have the same terms and conditions as this Permit, except for the commencement date and any amendments to the terms, as reflected in the Board minutes of the meeting at which the Board acts. Permittee agrees to be bound by the terms and conditions of this Permit and any amendments to this Permit so long as Permittee continues to hold a permit for the Premises or continues to occupy or use the Premises.
2. DAGS may revoke this Permit for any reason whatsoever, upon written notice to the Permittee at least thirty (30) calendar days prior to the revocation; provided, however, that in the event payment of rental is delinquent for a period of ten (10) calendar days or more, this Permit may be revoked upon written notice to the Permittee at least five (5) calendar days prior to the revocation.

3. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, the Permittee shall be liable for and shall pay the previously applicable monthly rent, computed and prorated on a daily basis, for each day the Permittee remains in possession.
4. If the Permittee fails to vacate the Premises upon revocation or termination of the Permit, DAGS, by its agents, or representatives, may enter upon the Premises, without notice, and at Permittee's cost and expense remove and dispose of all vehicles, equipment, materials, or any personal property remaining on the Premises, and the Permittee agrees to pay for all costs and expenses of removal, disposition, or storage.
5. DAGS may at any time increase or decrease the monthly rental by written notice at least thirty (30) business days prior to the date of change of rent. Upon such notice, the Permittee shall deposit with DAGS any additional monies required to maintain an amount equal to two times the new monthly rental as security for the faithful performance of all of these terms and conditions.
6. Any major improvements erected on or moved onto the Premises by the Permittee shall remain the property of the Permittee and the Permittee shall have the right, prior to the termination or revocation of this Permit, or within an additional period DAGS in its discretion may allow, to remove the improvements from the Premises; provided, however, that in the event the Permittee shall fail to remove the improvements prior to the termination or revocation of this Permit or within an additional period DAGS in its discretion may allow, DAGS may, in its sole discretion, elect to retain the improvements or may remove the same and charge the cost of removal and storage, if any, to the Permittee.
7. DAGS reserves the right for its agents or representatives to enter or cross any portion of the Premises at any time.
8. This Permit or any rights hereunder shall not be sold, assigned, conveyed, leased, mortgaged, or otherwise transferred or disposed of.
9. Permittee has inspected the Premises and knows the conditions thereof and fully assumes all risks incident to its use.
10. The acceptance of rent by DAGS shall not be deemed a waiver of any breach by the Permittee of any term, covenant, or condition of this Permit nor of DAGS' right to declare and enforce a forfeiture for any breach, and the failure of DAGS to insist upon strict performance of any term, covenant, or condition, or to exercise any option herein conferred, in any

one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option of this Permit.

11. The use and enjoyment of the Premises shall not be in support of any policy which discriminates upon any basis or in any manner that is prohibited by any applicable federal, state, or county law.
12. Any and all disputes or questions arising under this Permit shall be referred to DAGS and its determination of these disputes or questions shall be final and binding on the parties.
13. Permittee shall not cause or permit the escape, disposal, or release of any hazardous materials except as permitted by law. Permittee shall not allow the storage or use of such materials in any manner not sanctioned by law or by the highest standards prevailing in the industry for the storage and use of such materials, nor allow to be brought onto the premises any such materials except to use in the ordinary course of Permittee's business, and then only after written notice is given to DAGS of the identity of such materials and upon DAGS' consent, which consent may be withheld at DAGS' sole and absolute discretion. If any lender or governmental agency shall ever require testing to ascertain whether or not there has been any release of hazardous materials by Permittee, then the Permittee shall be responsible for the costs thereof. In addition, Permittee shall execute affidavits, representations and the like from time to time at the DAGS' request concerning the Permittee's best knowledge and belief regarding the presence of hazardous materials on the Premises placed or released by Permittee.

Permittee agrees to indemnify, defend, and hold the State of Hawaii, DAGS, and their officers, employees, and agents harmless from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the use or release of hazardous materials on the premises occurring while Permittee is in possession, or elsewhere if caused by Permittee or persons acting under Permittee. These covenants shall survive the expiration, revocation, or termination of the permit.

For the purpose of this permit "hazardous material" shall mean any pollutant, toxic substance, hazardous waste, hazardous material, hazardous substance, or oil as defined in or pursuant to the Resource Conservation and Recovery Act, as amended, the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, the Federal Clean Water Act, or any other federal, state, or local environmental law, regulation, ordinance, rule, or bylaw, whether existing as of the date hereof, previously enforced, or subsequently enacted.

14. Prior to termination or revocation of the subject permit, Permittee shall conduct a Phase I environmental site assessment and conduct a complete abatement and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency, the Department of Health, and DAGS. Failure to comply with the provisions of this paragraph shall not extend the term of this Permit or automatically prevent termination or revocation of the Permit. DAGS, at its sole option, may refuse to approve termination or revocation unless this evaluation and abatement provision has been performed. In addition or in the alternative, DAGS may, at its sole option if Permittee does not do so, arrange for performance of the provisions of this paragraph, all costs and expenses of such performance to be charged to and paid by Permittee.
15. Permittee shall indemnify, defend, and hold harmless the State of Hawaii, its officers, agents, and employees from and against all liability, loss, damage, cost, and expense, including all attorneys' fees, and all claims, suits, and demands therefor, arising out of or resulting from the acts or omissions of the Permittee or the Permittee's employees, agents, or officers under this Permit. The provisions of this paragraph shall remain in full force and effect notwithstanding the revocation, expiration, or termination of this Permit. The purchase of liability insurance shall not relieve Permittee of the obligations described herein.
16. Unless otherwise agreed by DAGS in its sole discretion, payments received will be applied first to attorneys' fees, costs, assessments, real property taxes, or other costs incurred or paid by DAGS with respect to the Premises, next to service charges or interest, next to any other charges due or owing under the Permit, next to delinquent monthly rent, and next to current rent.
17. Any notice required or permitted to be given hereunder shall be in writing, given by personal delivery or by first class mail, postage prepaid. Notice to Permittee shall be delivered or addressed to the address stated above. Notice to State of Hawai'i shall be delivered or addressed to DAGS at 1151 Punchbowl Street, Room 429, Honolulu, Hawai'i 96813, Attention Leasing Services Branch. Mailed notices shall be deemed given upon actual receipt, or two business days following deposit in the mail, postage prepaid, whichever occurs first. Either party may by notice to the other specify a different address for notice purposes, provided that Permittee's mailing address shall at all times be the same for both billing and notice. In the event there are multiple Permittees hereunder, notice to one Permittee shall be deemed notice to all Permittees.
18. Unless the text indicates otherwise, the use of any gender shall include all genders and, if the Permittee includes more than one person, the singular

shall signify the plural and this Permit shall bind the persons, and each of them jointly and severally.

IN WITNESS WHEREOF, the STATE OF HAWAII, by its Department of Accounting and General Services, and the Permittee have caused these presents to be executed the day, month and year first above written.

STATE OF HAWAII

By _____
State Comptroller
Department of Accounting and General
Services

Approved by the Board of
Land and Natural Resources
at its meeting held on _____.

PERMITTEE

(Permittee)

By _____

Its: _____

APPROVED AS TO FORM:

Deputy Attorney General

Dated: _____

STATE OF HAWAII)
) SS.
COUNTY OF)

On this _____ day of _____, 20____, before me personally appeared _____ and _____, to me personally known, who, being by me duly sworn or affirmed, did say that such person(s) executed the foregoing instrument as the free act and deed of such person(s), and if applicable in the capacity shown, having been duly authorized to execute such instrument in such capacity.

Notary Public, State of Hawaii

My commission expires: _____



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

AMENDMENT TO PRIOR LAND BOARD ACTION OF JANUARY 28, 2000,
UNDER AGENDA ITEM K-2 REGARDING SECOND AMENDMENT TO
HARBOR LEASE NO. H-98-2, ISSUED TO AALA PRODUCE, INC., DBA
AALA SHIP SERVICE, ADJACENT TO PIER 32, HONOLULU HARBOR,
OAHU

At its meeting of January 28, 2000, under agenda Item K-2, the Land Board authorized the second amendment to Harbor Lease No. H-98-2, issued to Aala Produce, Inc., dba Aala Ship Service (API) by amending the effective date of the lease from June 1, 1998 to June 1, 1999, together with amending the lease term from June 1, 1999 up to and including May 31, 2033, as shown on the attached Exhibit "A." The second amendment was inadvertently never fully executed.

Recently, questions regarding the commencement date of the lease were raised. API had sent the Harbors Division ("Division") two letters, dated March 22, 2001 and June 15, 2001, providing further explanations on other delays and requested that the lease be further amended to reflect a commencement date of July 1, 2001. In response, API was notified by letter, dated July 31, 2001, that the Division would amend the commencement date of the subject lease to July 1, 2001. API was informed that the Division would forward the amendment documents after it obtained the BLNR and legal approvals. We have not been able to locate any amendment documents in the file.

The Division had initiated billing API for the subject lease, commencing January 1, 2002, and API has been billed from this time for the subject lease. Our research into this matter indicated that until late December in 2001, API did not have the use and enjoyment of the subject leasehold premises and continued to work out of an adjacent building that it was renting from the Harbors Division. The lack of separate metered utilities was due to the lengthy time process that it took to

establish the utility easement in the Land Court. When excavating the leasehold property for the footing for a retaining wall, API discovered an underground storage tank. API then hired a consultant to perform Phase I & 2 Site Environmental Assessments and had to wait an additional four to five months before resuming construction until the State Department of Health issued a "No Further Action" letter to API.

The original reasons for the amendment to the effective date of the lease were due to lengthy delays in obtaining the required building permits from the City and County of Honolulu and the lengthy process in the granting of easements to the City and County of Honolulu for utilities to the leasehold lot. These easements were not granted by June 1, 1999, but rather were granted late in 2000. This is registered land (in the Land Court) and the easement designation process is quite time consuming on registered land. On Oahu, easements must receive City and County of Honolulu subdivision approval in order for the Land Court to address the issue of an easement.

Additionally, there was a problem with a 45-foot sailboat being constructed on a portion of the leased premises by an adjacent tenant that took quite some time to be resolved. The First Amendment of Harbor Lease No. H-98-2 added 4,250 square feet to the Subject leasehold lot, and the tenant working on the sailboat held a revocable permit from the Harbors Division that was located within this 4,250 square feet to be added to the subject harbor lease. Although Harbors staff had repeatedly verbally requested that the holder of the revocable permit vacate the premises, the tenant did not vacate until December 15, 2001 subsequent to receiving a letter from the Harbors Division requiring the tenant to vacate no later than the aforesaid date. API then had to resurface the revocable permit area and install a new chain link fence in order to utilize this area that was now under their leasehold premises.

After conferring with the staff of the Attorney General's Office, it has been determined to request the Land Board's approval to utilize a fair commencement date of January 1, 2002 for the subject lease. The lessee is current on its rental payments to the Harbors Division and is in compliance with the terms and conditions of Harbor Lease No. H-98-2.

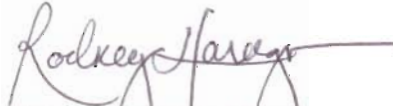
RECOMMENDATION:

That the Board amend its action of January 28, 2000, under agenda Item K-2, by amending the effective date of Harbor Lease No. H-98-2 to January 1, 2002, with the lease term being effective from January 1, 2002 up to and including December 31, 2036, subject to the following terms and conditions:

1. All other terms and conditions of the Land Board action of July 23, 1999, under agenda Item K-2, remain the same.

2. Other terms and conditions as may be prescribed by the Director of Transportation that best serve the interests of the State.

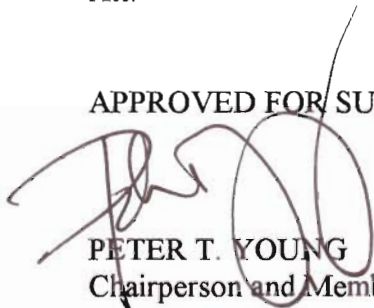
Respectfully submitted,



RODNEY K. HARAGA
Director of Transportation

Att.

APPROVED FOR SUBMITTAL:



PETER T. YOUNG
Chairperson and Member



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO

January 28, 2000

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

**SECOND AMENDMENT TO HARBOR LEASE NO. H-98-2,
AALA PRODUCE, INC., DBA AALA SHIP SERVICE, NEAR
PIER 32, HONOLULU HARBOR, OAHU, HARBORS
DIVISION**

STATUTE: Sections 171-11, 35, 36 and 59(b), Hawaii Revised Statutes

APPLICANT: **AALA PRODUCE, INC., DBA AALA SHIP SERVICE**

LOCATION: Near Pier 32, Honolulu Harbor, Oahu
Tax Map Key No. 1-5-35:12
Governor's Executive Order: Pending

AREA: 38,049 square feet

PURPOSE: Operation of a Vessel Agent and Ship Chandlery Business and
Related Administrative Offices to Service Legitimate Commercial
Shipping and Commercial Fishing Interests

CURRENT TERM: Thirty-five (35) years, June 1, 1998 to May 31, 2033

AMEND EFFECTIVE DATE: From June 1, 1998 to June 1, 1999.

AMEND EXPIRATION DATE: From May 31, 2033 to May 31, 2034

RENTAL: \$174,394 per annum

Approved by the Board
at its meeting held on

EXHIBIT "A"

ITEM K-2

REMARKS:

The Board previously approved the Issuance of Lease by Direct Negotiation at their meeting on July 11, 1997, Item K-3 (copy enclosed) and subsequently approved the First Amendment to Harbor Lease No. H-98-2 at their meeting on September 10, 1999, Item K-4 (copy enclosed).

The requested change in the effective date of the lease is due to the lengthy delays in obtaining the required building permits from the City and County of Honolulu for the proposed renovation of the existing improvements due to the lengthy process of obtaining easements for the Board of Water Supply and the Department of Wastewater Management. The Lessee finally secured a building permit from the City and County of Honolulu on October 14, 1999. Therefore, the Lessee has requested that the one (1)-year waiver period previously granted be extended for an additional one (1)-year period until May 31, 2000. The term of the lease will remain unchanged for a period of thirty-five (35) years. The Lessee is currently under construction for its renovations and has agreed to the commencement of rental payments effective June 1, 2000.

The Second Amendment document will be forwarded to the Department of the Attorney General for review and approval as to form.

RECOMMENDATION:

That the Board approve the Second Amendment, subject to the terms and conditions outlined above.

Respectfully submitted,



KAZU HAYASHIDA
DIRECTOR OF TRANSPORTATION

Attachment

APPROVED FOR SUBMITTAL:



TIMOTHY E. JOHNS
CHAIRPERSON AND MEMBER